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ABSTRACT

The U.S. General Accounting Office (GAO) compared the former Comprehensive Employment and Training Act (CETA) Private Sector Initiative Program (PSIP) with the traditional Comprehensive Services Program (Title IIB) in terms of participants, services, and outcomes in order to provide baseline data for the supervision of the Job Training Partnership Act. To do this, GAO reviewed and analyzed U.S. Department of Labor records and those of local private industry councils (PICs) and prime sponsors at a random sample of 10 sites in one region and at other sites in different parts of the country. The study found that PICs were composed of about 60 percent representatives of businesses, especially large manufacturing firms, and that the PSIP program placed a larger proportion of participants in more successful training modes than did the older, more traditional program. The PSIP also served a less-disadvantaged clientele than the other programs, that is, older persons with more years of education, than did Title IIB. A greater proportion of PSIP participants found employment after leaving the program than did Title IIB participants, especially in unsubsidized placement. GAO's findings do not point out a superiority of one program over the other; rather, they show that different types of participants may alter the types of training needed and the outcomes. The researchers conclude that, in administering the Job Training Partnership Act, allowance should be made for in-school groups, separate from the overall group, and separate performance criteria should be set for the two groups. (YLB)

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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Subcommittee On Employment And Productivity Committee On Labor And Human Resources United States Senate

Federal Job Training: A Comparison Of Public And Private Sector Performance

CETA's successor, the Job Training Partnership Act, emphasizes private sector involvement and the development of appropriate performance standards by which to evaluate employment and training programs. GAO compared the former CETA Private Sector Initiative Program (title VII of CETA's 1978 Amendments) with the traditional Comprehensive Services Program (title IIB of CETA) in terms of participants, services, and outcomes. This report provides an analytical framework and baseline data to assist in the oversight of the Job Training Partnership Act.

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GAO/IPE-83-5
MAY 9, 1983

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

INSTITUTE FOR PROGRAM EVALUATION

B-211480

The Honorable Dan Quayle
Chairman, Subcommittee on Employment
and Productivity
Committee on Labor and Human
Resources
United States Senate

Dear Mr. Chairman:

This report compares public and private sector performance in Federal job training under the Job Training Partnership Act's predecessor, the Comprehensive Employment and Training Act (CETA). Private Industry Councils (title VII of CETA) are highlighted, with a focus on the extent of business involvement at sites within the Department of Labor's Region III. Participants, services, and outcomes of the Councils' programs are compared with those of the traditional CETA system (title IIB of CETA). This report is intended to provide baseline data and an analytical framework that may assist in your oversight of programs under the new Job Training Partnership Act. At your request, a briefing of Subcommittee staff was held last April on the information contained in this report.

The Department of Labor reviewed a draft of this report and its comments have been included in appendix II. As we discussed with your office, we are sending copies of this report to the Secretary of Labor and other interested parties. Copies will be available upon request to others who are interested.

Sincerely,

Eleanor Chelimsky
Director

GENERAL ACCOUNTING OFFICE
REPORT TO THE SUBCOMMITTEE ON
EMPLOYMENT AND PRODUCTIVITY
COMMITTEE ON LABOR AND
HUMAN RESOURCES
UNITED STATE SENATE

FEDERAL JOB TRAINING: A COMPARISON OF PUBLIC AND PRIVATE SECTOR PERFORMANCE

D I G E S T

CETA's successor, the Job Training Partnership Act of 1982, places great emphasis on private sector involvement and the development of appropriate performance standards by which to evaluate programs. In this report, GAO compares CETA's Private Sector Initiative Program (CETA's 1978 Amendments) with the traditional approach to employment and training programs and, thus, offers both an analytical framework and some baseline data for evaluating their performance.

First, GAO examined the Private Sector Initiative Program, or PSIP, under CETA's title VII, especially the functioning of the Private Industry Councils (PIC's), which were a particular feature of the title. The PIC's comprised representatives of business, labor, education, community-based organizations, and government and were intended to serve as the primary link with the private sector and to decide how the title VII programs would function in their local areas.

Then, GAO compared the PSIP title VII program with the more traditional Comprehensive Services program, under CETA's title IIB, in terms of participants, training services, and outcomes. The title IIB program dated from the early 1970's and provided a variety of employment and training services through the efforts of State and local units of government, the "prime sponsors."

To do this, GAO reviewed and analyzed U.S. Department of Labor (DOL) records and those of local PIC's and prime sponsors at a random sample of 10 sites (representing the larger and more mature title VII programs) in DOL's Region III. GAO interviewed the PIC's and prime sponsors at the sites. GAO also collected similar information in the Region's 4 Balance-of-State sites.

Although the title VII program had several goals, GAO focused on the delivery of employment and training services in order to compare it with title IIB.

GAO addressed four basic questions:

--Who served on the Private Industry Councils?

--How did employment and training services differ for titles VII and IIB?

--How did program participants differ for titles VII and IIB?

--What were the differences in program outcome for titles VII and IIB?

WHO SERVED ON THE PIC'S?

Business representatives held a sizable share of the PIC membership--about 60 percent on the average. Top-level managers held one third of all the positions (one half, if personnel managers are included). (pp. 11, 14-16)

Large manufacturing firms constituted a greater proportion of the average PIC than any of 7 other business categories. (p. 17)

Although none of the sites GAO visited had a policy of rotating the members, the PIC's, on the whole, experienced close to a 50 percent turnover rate in 2 to 3 years of operation. (p. 12)

Business commitment to PIC's was demonstrated by the service of one fifth of the business members companies as CETA training subcontractors. (p. 21)

The primary functions reported by the PIC's were marketing CETA to the private sector and assessing the training needs of local businesses. They reported less involvement in monitoring or administering title VII training programs. (p. 19)

HOW DID EMPLOYMENT AND TRAINING SERVICES DIFFER FOR TITLES VII AND IIB?

Title VII placed a larger proportion of participants in historically more successful (in terms of finding employment) training modes than did title IIB. This may have contributed to the higher rate of entering employment for title VII than for title IIB, which placed participants

across the range of the five training modes. (p. 25)

HOW DID PROGRAM PARTICIPANTS DIFFER FOR TITLES VII AND IIB?

Title VII served a less-disadvantaged clientele than title IIB if participant characteristics are defined in terms of age and education--factors believed to affect employability. (p. 29)

Title IIB served younger participants and those with less education than did title VII. Indeed, title IIB's larger proportion of participants who were in school (with their low rate of finding immediate employment) appeared to depress the title's overall rate.

WHAT WERE THE DIFFERENCES IN THE PROGRAM OUTCOMES FOR TITLES VII AND IIB?

A greater proportion of title VII participants found employment after leaving the program than title IIB participants. The findings of GAO's 10-site sample are similar to those in DOL's Region III as well as in the Nation. (p. 22)

Title VII outperformed title IIB in unsubsidized job placement, but title IIB outperformed title VII in "additional positive" outcomes--apparently a reflection of differences in services and participant characteristics. However, when all positive outcomes were considered as a whole, the performance difference was negligible. (p. 34)

The entered-employment findings are based on DOL's short-term statistics and may not indicate long-term increases in earnings. (p. 5)

OBSERVATIONS

Since the Job Training Partnership Act calls for the development of appropriate performance standards for the oversight of its programs, GAO's review of CETA's performance measures has important implications. GAO found that the "entered employment rate" may be a poor measure for the evaluation of programs serving

participants who are in school. An alternative, perhaps more informative way of measuring performance would be to factor out the in-school group from the overall "entered employment rate" or to include separate performance criteria for in-school participants or both. (pp. 31-33)

GAO's findings do not point out a superiority of one program over the other. What they show is that (1) participants in title IIB were quite different from those in title VII, (2) training, which may depend on who participates, differed for the two programs, and (3) employment rates, which may depend on the characteristics of the participants and on the training that is provided, also differed. These differences may represent an appropriate response for programs with quite different clients and somewhat different mandates.

The U.S. Department of Labor reviewed a draft of this report, and its letter is in appendix II. DOL indicated that its analyses using national data tend to corroborate GAO's findings. DOL has begun developing the separate performance standards for youth and adult programs required by the Job Training Partnership Act.

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ABBREVIATIONS

BOS	Balance-of-State
CBO	Community-based organization
CETA	Comprehensive Employment and Training Act
DOL	U.S. Department of Labor
E&T	Employment and training
EER	Entered employment rate
GAO	U.S. General Accounting Office
OJT	On-the-job training
PIC	Private Industry Council
PSIP	Private Sector Initiative Program

CHAPTER 1

INTRODUCTION

On December 17, 1981, the Chairman of the Subcommittee on Employment and Productivity of the Senate Committee on Labor and Human Resources asked us to undertake a study "comparing employment and training programs operated under the traditional CETA system and those administered by private industry councils." (The Chairman's letter is printed in appendix I.) He expressed particular interest in receiving information about differences between the programs and how the differences might be associated with "the extent of actual business involvement in the private industry council and the nature of the business membership."

We presented our study's results to the Subcommittee before its deliberations on employment and training legislation. This report documents that presentation. Additionally, it provides an analytical framework and some baseline data for evaluating the effects of new programs created by current legislation.

The Congress has increasingly emphasized including the private sector in the formulation of employment and training programs for the economically disadvantaged. In October 1978, the Congress authorized the Private Sector Initiative Program (PSIP) under title VII of the Comprehensive Employment and Training Act (CETA, Public Law 95-524). The purpose of title VII was threefold: (1) to test and demonstrate the effectiveness of a variety of approaches involving the business community in title VII employment and training programs, (2) to increase private sector employment opportunities for the economically disadvantaged, and (3) to increase the involvement of the private sector in CETA activities other than title VII.

Private Industry Councils (PIC's) comprising representatives of business, labor, education, community-based organizations, and government were to be the implementation mechanism of title VII. Each PIC was to serve as the primary link with the private sector and also to make decisions and recommendations regarding how the title VII program would function in its local area.

To respond to the needs of the Subcommittee for a comparison of PSIP and employment and training administered under traditional CETA programs, we undertook an analytical comparison of the employment and training services, clients, and outcomes of title VII (PSIP) and the traditional title IIB (Comprehensive Employment and Training Services) under CETA. We concentrated on the first two objectives of title VII to enable us to contrast the common training aspects of the two titles. In addition, we looked only at the roles and functions of the PIC called for in title VII, and our study should not be considered as indicating all possible types of private sector involvement in federally funded employment and training.

SYNOPSIS OF TITLES

--Title IIB, Comprehensive Services for the Economically Disadvantaged, provides a variety of employment and training (E&T) services primarily to adults through the efforts of State or local units of government, the prime sponsors. The title has been in existence since the early 1970's and provided services to more than one million persons in fiscal year 1980.

--Title VII, Private Sector Initiative Program, or PSIP, is a quasi-private sector mechanism for serving the disadvantaged unemployed. Title VII of CETA was initiated in 1978. In fiscal 1980, when it became fully operational, it provided E&T services to approximately 58,000 persons.

The overall objectives of both titles are quite broad, as can be seen in exhibit 1. For example, title VII was not only to try new approaches to E&T but was also to involve the business community and to influence other CETA programs.

Exhibit 1

The Objectives of CETA Titles IIB and VII

Title IIB	Title VII
To deliver comprehensive employment and training services to the economically disadvantaged in order to • ease the barriers to their gaining employment, • enable them to secure and retain employment at their maximum capacity, • enhance their potential for increasing their earned income.	To demonstrate the effectiveness of a variety of approaches to delivering private sector opportunities to the economically disadvantaged in order to • increase private sector employment opportunities for the economically disadvantaged, • involve the business community more in employment training activities under CETA, • augment private sector activities related to title II.

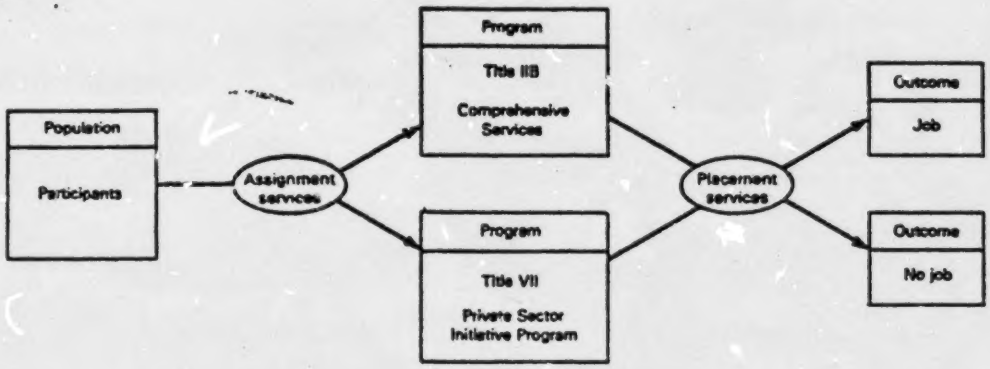
THE SPECIFIC ISSUES RESULTING FROM COMPARING TITLE IIB AND TITLE VII

When national data on participant characteristics, program services, and termination status are compared for the public IIB title and the quasi-private PSIP title, PSIP appears to have served a somewhat less disadvantaged clientele, to have delivered a larger proportion of services with superior postprogram outcomes, and to have had superior outcomes in terms of the percentage of terminees who became employed when they left the program. While the employment data at first glance make PSIP look preferable to IIB, several alternative explanations can be explored. For instance, are the in-school component of IIB and the less disadvantaged profile of PSIP participants (less disadvantaged in terms of age, education, and other factors related to finding employment) partially responsible for these differences? Is the almost complete absence of some historically less successful services under PSIP a factor? Does the smaller size of PSIP make it easier to obtain a higher percentage of overall placements? These are but a few of the questions we explore in this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

CETA E&T involves both participants who desire training and the services they receive. Figure 1 provides a model, or framework, for depicting and understanding how participants move through a CETA program. If we read from left to right, we see that participants first apply for and are assigned to E&T services. After leaving these services, they are either with or without employment.

Figure 1
Our Evaluation Model



We divided the CETA programs into the three main categories that have to be investigated in order to understand their functioning. In the first, the participant category, we examined who were the participants receiving services under each title and how they were screened, assessed, and assigned to a particular program. Understanding differences between participants in the programs is important because research has shown that certain characteristics of the participants are related to their success in the job search. The second category of investigation was the programs themselves. We examined the particular combination of services offered by each title and who supplied the training. Services offered by the titles can be described in terms of the methods, or modes, used to present the training. The five main methods used by CETA are

1. occupational classroom training, ordinarily conducted in an institution. This method teaches participants technical skills required for specific jobs (welding, for example).

2. other classroom training, including adult basic education, general education, and job-readiness or pre-employment training. This method improves basic skills or teaches English as a second language.

3. on-the-job training, in which participants are hired by an employer who provides training for a particular occupation in the firm. On-the-job training contracts with the Federal Government generally subsidize as much as 50 percent of the private employers' training costs for the program participants.

4. in-school work experience, providing part-time employment for full-time students attending (or scheduled to attend) elementary, secondary, trade, technical, or vocational school or college or university.

5. other work experience, which provides short-term or part-time work assignments designed to develop good work habits and basic work skills.

In the third category of investigation, we analyzed the outcomes of the programs, using the "entered employment rate" (EER)--a short-term outcome measure--in our analysis. 1/ "Short-term" is defined as a period of 90 days after terminating from the CETA program.

1/This choice was dictated by the availability of CETA program statistics at the time of the study. Short-term outcome measures may not be indicative of a long-term increase in earnings. For a discussion of this issue, see our June 14, 1982, report entitled CETA Programs for Disadvantaged Adults--What Do We Know About Their Enrollees, Services, and Effectiveness? (GAO/IPE-82-2, especially pp. 25-30 and 54).

To explore these issues, we developed specific questions. We present them in exhibit 2 under the three main evaluation categories. Some of them appear in the chapters of this report as headings to specific discussion. Others are phrased in a more general way and encompass several passages of text, as indicated by the spans of page numbers.

Exhibit 2

Our Evaluation Categories and Questions for Titles IIB and VII

Characteristics of participants	Employment and training services	Outcomes
How were they assigned? (p. 25)	Who were the PIC members? (p. 11)	What are the overall EER's? (p. 27)
Who were they? (pp. 28-30)	How were the PIC members selected? (p. 12)	How were placements made? (p. 25)
How many were in school? (pp. 31-32)	What were the nature and extent of business involvement on the PIC's? (pp. 13-18)	How do the EER's differ by training mode? (pp. 28-32)
	What functions did the PIC's perform? (p. 19)	What are the EER's for those not in school? (p. 33)
	How were the PIC's typically organized? (pp. 20-21)	What are the rates for the DOL categories? (p. 34)
	Who provided the services? (p. 24)	What are the combined positive termination rates? (p. 35)
	To what extent did the programs offer the five training modes? (p. 25)	

Locations examined

To respond to the Subcommittee's request in a timely way (to start in December 1981 and present a briefing in April 1982) and to shed light on the functioning of the programs as quickly as possible, we restricted our study to Pennsylvania, Delaware, Maryland, Virginia, West Virginia, and the District of Columbia--the area making up the Department of Labor's (DOL's) Region III. We selected this area primarily for its proximity and ease of access by the study team. Twenty-four CETA prime sponsors within Region III met our criteria for size (at least 100 participants in title VII programs during fiscal 1981) and maturity (at least one year's experience with title VII PSIP programs). Since the title IIB program was larger than the concomitant title VII program in most sites, these criteria assured us that the sample sizes of title VII participants would be adequate to allow comparisons between the titles. The ability to "pair" programs at each of the sites allowed us to examine the two titles within the same context. We selected a random sample of 10 sites from the 24 that were eligible (approximately one half of the sites in the Region). This procedure enabled us to strike a balance between selecting a representative sample and making an efficient use of the study resources. Map 1 shows the locations of the 10 sites and indicates the census populations of the service areas included in them. Sites that were members of a CETA consortium--that is, partners as two or more local government units joined together as a single prime sponsor--are denoted by a "c."

Map 1

Ten Sample Sites in U.S. Department of Labor Region III

In addition to examining the 10 metropolitan-based sites, we looked at the 4 State-run programs in Region III in Maryland, Pennsylvania, Virginia, and West Virginia. These provided information on how the PIC's functioned in rural and geographically dispersed areas. We discuss the results for these Balance-of-State (BOS) programs and show their locations on maps in chapter 4.

Data collection

Exhibit 3 lists the information sources we used to address the questions generated by our evaluation model. These were primarily DOL records and information from records and structured interviews with the Councils (title VII) and the prime sponsors (title IIB). We selected these data sources and collection techniques because their standardization provides comparability across sites. Interviews we conducted in 1982 also provided us with descriptions of the unique aspects of the individual sites.

Exhibit 3

Our Data Sources

National and regional
U.S. Department of Labor aggregated records on • participant characteristics, • training services, • immediate outcomes.
Local
Private Industry Council and prime sponsor records on • Private Industry Council membership, • training services. Structured interviews with Private Industry Councils on • PIC selection, membership, functions, staff; • training services offered; • relation to prime sponsors; • plans for title VII; • obstacles to success and recommendations. Structured interviews with prime sponsors on • title IIB staff, • training services offered, • relation to the business community, • plans for title IIB, • obstacles to success of the PIC, • recommendations for titles IIB and VII.

Data analysis

According to preliminary national data for fiscal year 1981, title IIB served 125,000 participants in DOL's Region III while title VII served 14,000 participants. Thus, from the viewpoint of the number of participants, title IIB was roughly ten times the size of title VII. Because this difference is so large, we used percentages rather than totals in comparing the two programs. We used the percentages in two basic ways--to study the similarities and differences between the programs within each site and to study them as aggregations across the sites. We found it possible to control for several extraneous factors such as local unemployment levels and local labor market conditions by first comparing the IIB and VII programs within the same location and then looking at the patterns of similarity and difference among the sites. All the data we present are from fiscal year 1981.

THE ORGANIZATION OF THIS REPORT

Five chapters follow this introduction. In chapter 2, we describe the PIC's, including details on actual business involvement and a detailed view of each site's title VII program. In chapter 3, we answer the questions generated from our model, as shown in exhibit 2. In chapter 4, we provide information on the Balance-of-State sites. In chapter 5, we present comments and suggestions provided by the PIC's and members of the prime sponsor staffs. In the final chapter, we summarize our findings and their implications.

CHAPTER 2

THE PRIVATE INDUSTRY COUNCILS

Title VII required prime sponsors to establish PIC's comprising representatives of business, labor, education, community-based organizations, and government. Each PIC was to serve as the primary link with the private sector and also to make decisions and recommendations regarding the composition of title VII programs in its local area.

In this chapter, we describe the PIC's in our 10-site random sample of DOL's Region III. Because of our interest in the PIC's as representatives of the private sector in the title VII program, we have concentrated our questions on the nature and extent of business participation in them.

WHO WERE THE PIC MEMBERS?

Figure 2

Average Composition of the Private Industry Councils

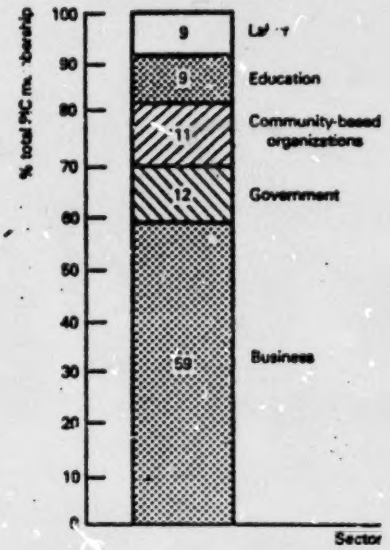
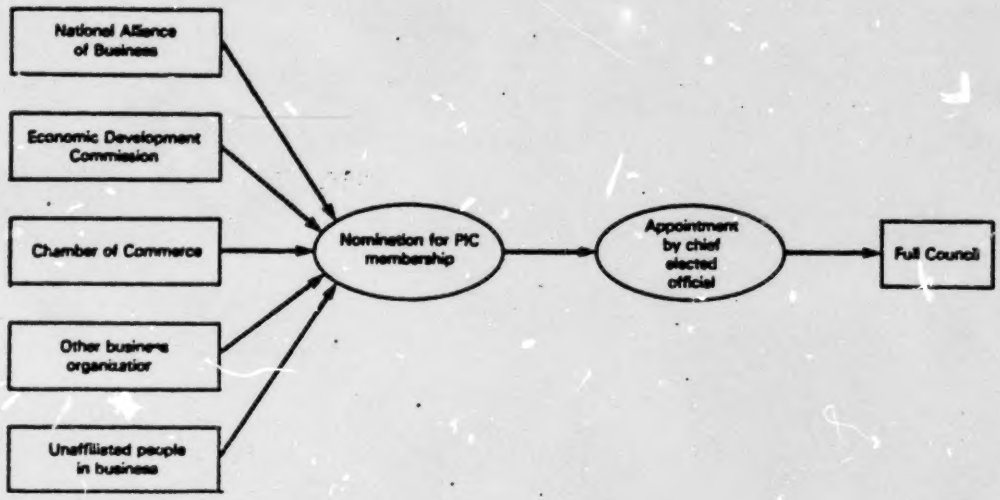


Figure 2 shows the average composition of PIC's in our 10-site sample. This average is made up of 9 sites that had between 16 and 25 members. The tenth site, with 132 members, was excluded from our analysis because of incomplete membership data and its atypical size. As the figure shows, business members constituted 59 percent of the average PIC.

HOW WERE THE PIC MEMBERS SELECTED?

Figure 3

Sources of Nomination for Private Industry Council Business Members



As we show in figure 3, nominations for PIC members have come from many sources. Selection procedures varied in the sites we visited, but PIC members were appointed by the chief elected officials of the prime sponsor area. At some sites, the core of the Council comprised members of a single organization--as, for example, when the Economic Development Commission members became the business members of the Council. To this core were added the Council's nonbusiness members. At other sites, the Board of the Chamber of Commerce or the National Alliance of Business became the formative nucleus.

Was there a membership rotation policy?

The sites had no formal policy of rotating Council members. However, executives relocated and inactive members and others showing lack of interest were not reappointed. Of the 216 original PIC members in the 9 sample sites for which data were available, 48 percent were no longer PIC members after 2 to 3 years of Council operation. Looking at the PIC's on the whole, we can see that membership was not static and that nearly half of the membership changed in the first years of operation.

WHAT NONBUSINESS ORGANIZATIONS WERE REPRESENTED BY PIC MEMBERS?

Figure 4

Private Industry Council Membership in Nonbusiness Sectors—Labor, Education, Community-Based Organizations (CBO), and Government

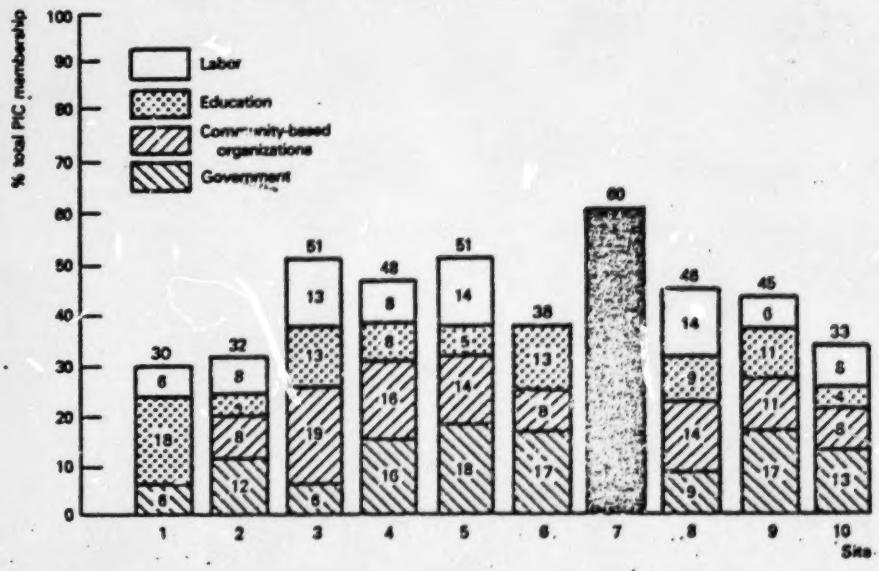


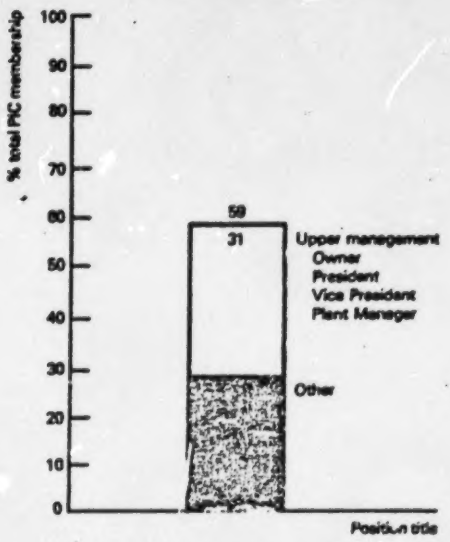
Figure 4 shows the percentages of nonbusiness PIC members in the 10 sites. These percentages complement those of the business members, the two categories constituting the total membership of the PIC. 1/ No breakdown is given for site 7 because it is the one for which no data were available on the organizational affiliations of its nonbusiness members. The percentages of members affiliated with labor, education, community-based organizations (CBO), and government differ among the 9 other sites. Labor representation ranged from zero to 14 percent, education from 4 to 18 percent, CBO from zero to 19 percent, and government from 6 to 18 percent. The zeros were explained as temporary vacancies caused by members resigning, transferring, retiring, and the like.

1/Percentage totals may not add to 100 because of rounding.

WHAT WAS THE PERCENTAGE OF THE UPPER MANAGEMENT BUSINESS MEMBERS ON THE AVERAGE PIC?

Figure 5

Position Titles of the Business Members of the Private Industry Councils



In figure 5, we show the organizational position titles of the PIC business members as an average of 9 of the sites. Slightly more than half of the business members (or 31 percent of all members) held upper management positions with the title of Owner, President, Vice President, or Plant Manager. 1/ The category "other" includes personnel directors, department heads, supervisors, and other professional workers. Because of their responsibilities and involvement with education and training, personnel directors could also be included among upper managers. If they were included, upper management as a class would increase to 47 percent of all PIC membership.

1/We defined "upper management" to include positions as owners of business, chief executives or chief operating officers of profit organizations, and other business officers who had profit-and-loss responsibility for an autonomous part of their businesses.

WHAT WERE THE PERCENTAGES OF THE UPPER MANAGEMENT BUSINESS PIC MEMBERS SITE BY SITE?

Figure 6
Position Titles of Private Industry Council Business Members by Site

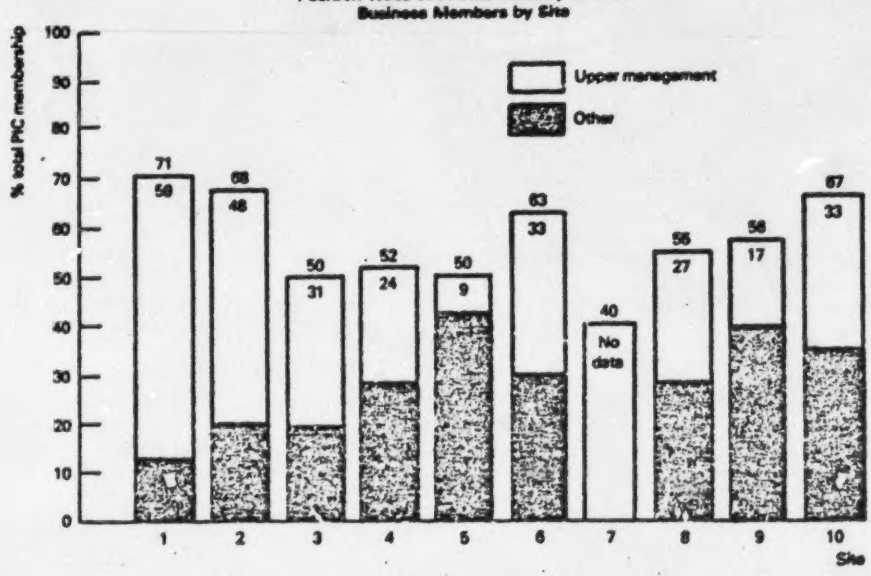
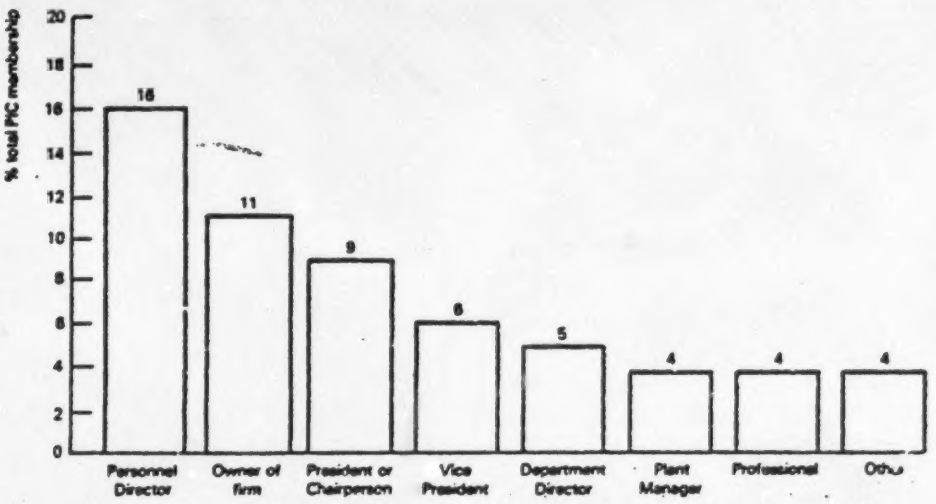


Figure 6 presents a site-by-site breakdown of the business member position titles for the average PIC shown in figure 5. It can be seen that management representation at individual sites fluctuated around the average (31 percent upper management, 2f. percent other). Figure 6 also shows that upper management partic-ipation ranged between 9 and 59 percent. We know that personnel directors played an important role in the "other" segment; the PIC at site 5, for example, had 8 of its 11 "others" in personnel positions.

The percentages in figure 6 complement those in figure 4 with respect to the total membership of each PIC. For example, the 29 percent nonbusiness membership shown for site 1 in figure 4 added to the 71 percent of positions in business for the same site in figure 6 makes that entire site.

WHAT WERE THE TITLES OF THE BUSINESS MEMBERS ON THE AVERAGE PIC?

Figure 7
Average Business Member Representation by Position Title in Nine Private Industry Councils



In figure 7, it is clear that personnel director comprises the largest single business title category. The percentages refer to the proportion of the membership that each category represented as an average for the 9 Councils. These percentages total to 59 percent, the average business representation among the sites.

WHAT TYPES OF BUSINESS WERE REPRESENTED BY PIC MEMBERS?

Figure 8

Average Types of Business Represented in Nine Private Industry Councils

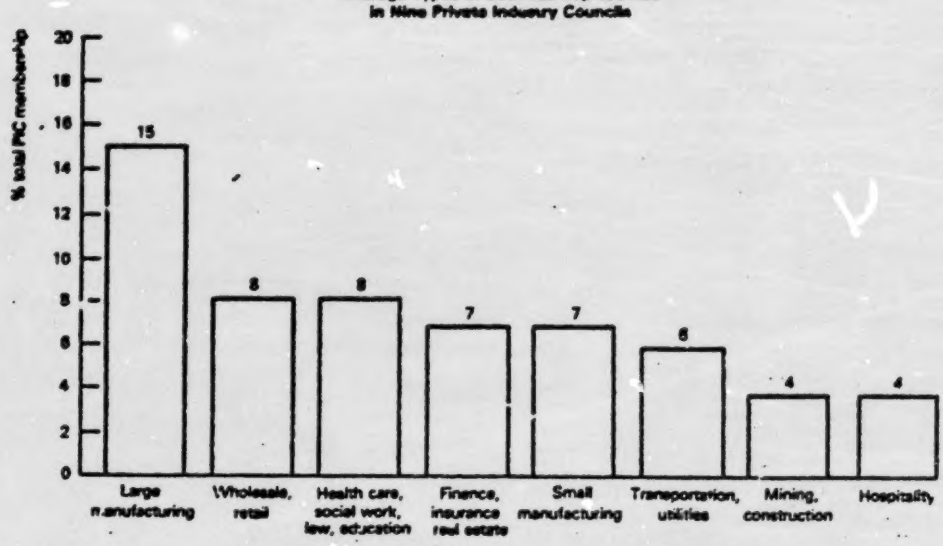
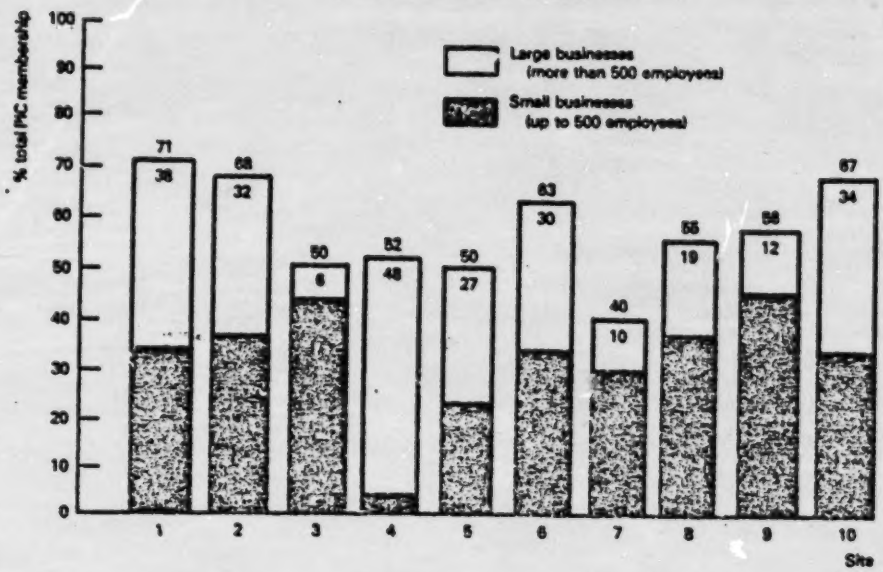


Figure 8 shows that large manufacturing firms (firms with more than 500 employees) contributed more members to the average PIC than any other type of business. It also shows that business membership in the average PIC was drawn evenly from the other types of business across the spectrum rather than from any one category.

WHAT WERE THE SIZES OF THE BUSINESSES REPRESENTED ON EACH PIC?

Figure 9
The Distribution of Small and Large Businesses Across the Private Industry Councils

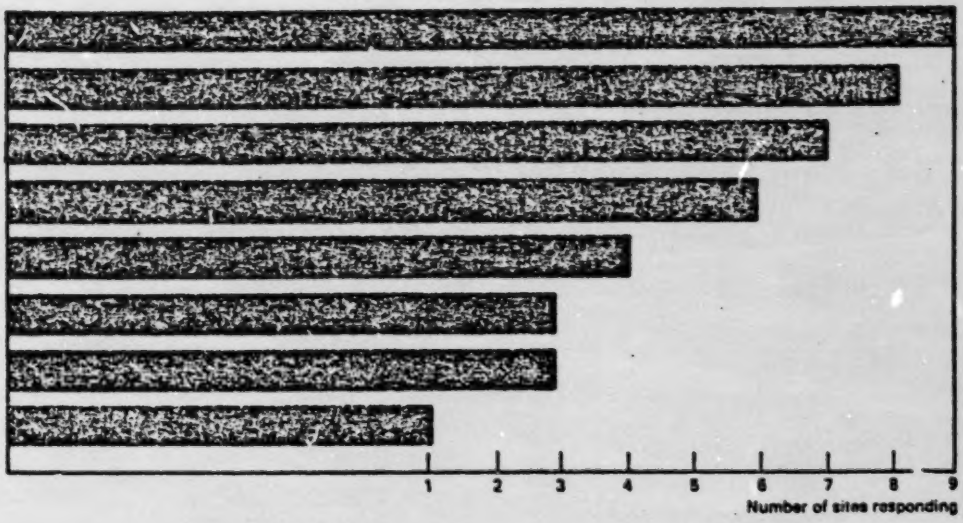


CETA defined a small business as a firm having fewer than 500 employees. We found that small business representation ranged from 4 to 44 percent of all PIC membership, business and nonbusiness together. We show this in figure 9, which details the percentages of small and large businesses site by site. (When the PIC's are viewed as an average, representatives from small businesses constitute 52 percent of the business membership.)

WHAT FUNCTIONS DID THE PIC'S PERFORM?

Figure 10

Number of Sites Performing Eight Functions "Moderately" to "A Great Deal"



Not all PIC's performed the same functions, and what they did may change as a result of new legislation. To find out what each PIC did, we asked Councils at all 10 sites "What functions do you perform and to what extent do you perform them?" We measured "extent" on a 5-point scale: (1) little or not at all, (2) some, (3) moderately, (4) substantially, and (5) a great deal. Among the Councils reporting that they performed a function "moderately" to "a great deal," we found that

--9 of 10 Councils marketed CETA to the private sector,

--8 of 10 Councils assessed the needs of the private sector in terms of skills shortages and training availability for the labor force in the geographical area, and

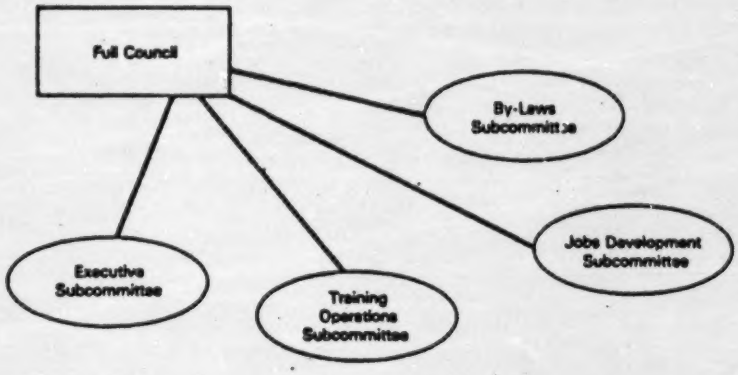
--3 of 10 Councils had their own staff who operated and administered training programs.

E&T programs were administered directly by the PIC's at only 3 sites--fewer than we expected. Marketing and needs assessment for local businesses were listed as the most important functions. In figure 10, we show the eight functions that the PIC's named most frequently and the number of sites reporting that they performed them "moderately," "substantially," or "a great deal."

HOW WERE THE PIC'S TYPICALLY ORGANIZED?

Figure 11

Typical Private Industry Council Organization and Operation



In figure 11, we depict the typical organization of the Private Industry Councils we examined. Usually, the full Council was broken down into several working subcommittees whose members concentrated their efforts on various aspects of the PSIP title VII program.

PIC's typically contained an executive subcommittee made up of the PIC officers that were concerned with administration. The training operations subcommittee was concerned with the operation of the PSIP E&T services; it selected subcontractors or oversaw in-house training. Where the PIC was not directly involved in administering E&T services, this subcommittee might have been a planning group for CETA E&T services. The jobs development subcommittee was generally concerned with generating employment opportunities for CETA participants in the business community. The by-laws subcommittee was concerned with the rules of PIC functioning.

Full Council meetings were held once a month at 3 sites and less frequently in the 6 others. Meetings were held the least frequently at one site, which scheduled them twice a year. Various subcommittees of each Council sometimes held their own meetings in addition to convening for a full Council meeting.

Were PIC business members' own companies involved in providing E&T services?

Among the 114 businesses represented by Council members, we found that 22 acted as training subcontractors to provide training to CETA participants. Of these 22 subcontractors, 17 had upper management representation on the PIC. Personal commitment to E&T goals was shown by the 19 percent of PIC business members who, while they contributed their time to overseeing the title VII program, were actually involved in providing training slots for CETA. 1/

1/For a discussion of the operations of one other Private Industry Council, see our September 28, 1982, report entitled An Overview of the Boston Private Industry Council's Approach to Involve Local Employers in Employment and Training Programs (GAO/HRD-82-113).

CHAPTER 3

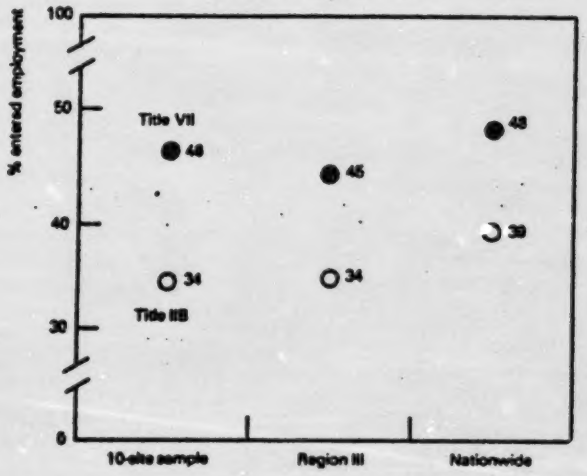
A COMPARISON OF TITLE IIB AND TITLE VII EMPLOYMENT AND TRAINING PROGRAMS

In this chapter, we present the results of our analytical comparison of the E&T programs operated under title IIB (the traditional program) with PSIP operated under title VII.

The EER, or the "entered employment rate," the conventional measure of outcome, was known to differ nationally for the programs, with title VII performing better than title IIB. (EER is the ratio of people who found unsubsidized employment to those terminating, for whatever reason, from a program.) We found the same result--a higher EER for title VII--when we examined the data for the 10 sites in our sample. In figure 12, we display the rates we calculated for our sample, DOL's Region III, and the Nation. The EER for title VII runs consistently about 10 percent higher than for title IIB. 1/

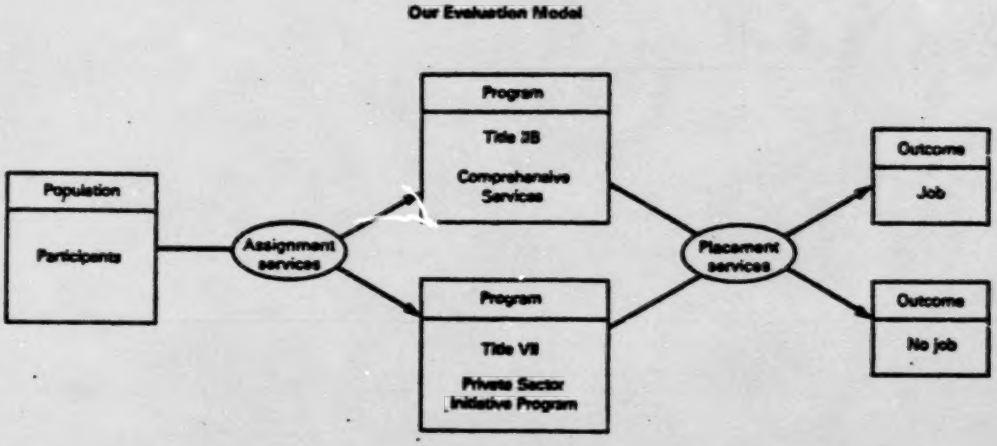
Figure 12

Average Entered Employment Rates for Terminated Participants in CETA Titles IIB and VII



1/For clarity, we have presented averages. We based our conclusion on the EER on the statistical analysis of paired comparisons at each of the 10 sites; we used DOL aggregated data in our calculations. The fiscal 1981 data for the Nation are preliminary.

To understand some of the reasons for such differences, we returned to the model of a CETA E&T program that we presented in figure 1.



Using this model to pursue our objective of relating the programs and the participants to outcomes, we focused on understanding the operation of the titles. First we explored differences between the titles in assignment services (such as intake, assessment, and counseling) and placement services. We found little difference between IIB and VII programs for these aspects of the model. The titles usually drew upon the same staff and the same process for these categories.

Therefore, we proceeded to seek other explanations for the 10 percent difference that we observed in the entered employment rate. We compared the three remaining aspects of the model:

1. services--training subcontractors, modes of training, and termination rates,

2. participants--in-school characteristics and termination rates, and

3. outcomes--rates by type of DOL termination category.

In the three sections that follow, we present the details of this analysis.

SERVICES

Training subcontractors

WHO PROVIDED THE SERVICES?

Exhibit 4
The Four Most Common Types of Service Delivery Subcontract

Title IIB	Title VII
Industries with fewer than 500 employees	Industries with fewer than 500 employees
Proprietary schools	Proprietary schools
Community-based organizations	Community-based organizations
Other, including Government offices, Nonprofit volunteer organizations	Other, including Government offices, Nonprofit volunteer organizations

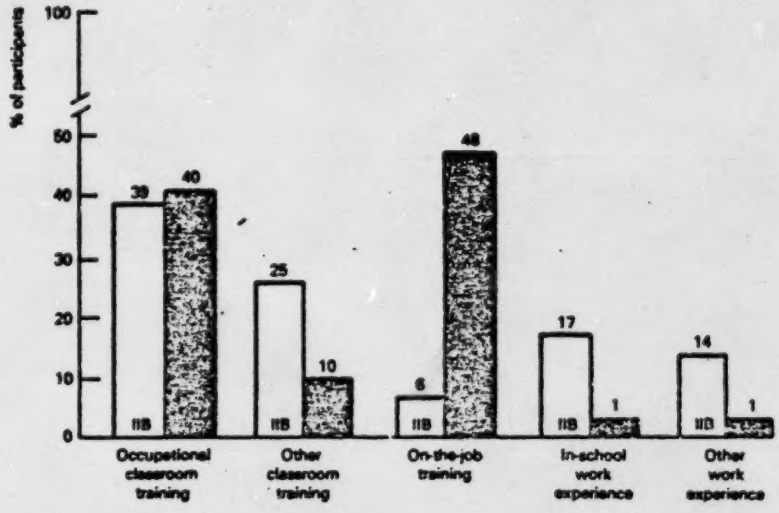
Pursuing reasons for the differences in the outcomes of titles IIB and VII, and concentrating on the program services segment of the model, we asked the Councils at the 10 sites to tell us what types of subcontractor provided training services to programs at their sites. We defined 9 subcontractor categories and found that the IIB and VII programs used the same four categories for 90 percent of all training contracts. We can summarize our findings as follows. (1) Both titles drew on the same kinds of training resources in the community. (2) Small businesses (those with fewer than 500 employees) were the most commonly used type of training subcontractor. Because a small-business contract usually covered the training of only one person, the absolute number of contracts was higher. (3) Proprietary, or profitmaking, schools frequently wrote one contract for several training slots as a class. Thus, there may have been as many participants in proprietary schools as in small-business programs even though the schools might have showed a much smaller number of contracts.

In exhibit 4, community-based organizations consist of groups like the Opportunities Industrialization Center and community action agencies, while "other" subcontractors include county commissioners, school district offices, and nonprofit volunteer organizations. The exhibit reflects the fact that at this level of analysis the two titles are indistinguishable

Training modes

TO WHAT EXTENT DID THE PROGRAMS OFFER THE FIVE TRAINING MODES?

Figure 13
Average Profile of Training Mode Experience Under Titles IIB and VII



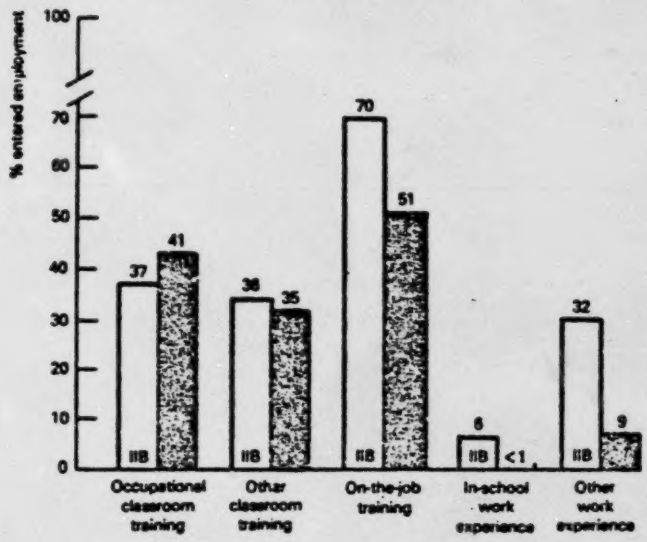
In figure 13, we show our analysis of DOL data on training modes averaged by title for the 10 sites in our sample. 1/ (1) On-the-job training ranks first in percent of participants for title VII but last for title IIB. 2/ (2) On-the-job training and occupational classroom training combined, the two modes that can historically be expected to lead to higher job placement rates, accounted for nearly twice the percent of title VII participants (88 percent) compared with IIB (45 percent). (3) Thirty-one percent of title IIB participants were in some kind of work experience compared with only 2 percent of title VII participants.

1/Percentage totals may not add to 100 because of rounding.

2/Title IIB programs served ten times as many people as did title VII programs. Thus, even though IIB had a lower percentage of participants in on-the-job training, it had more people actually receiving on-the-job training than did VII.

WHAT WERE THE EER'S FOR THE FIVE TRAINING MODES?

Figure 14
Overall Entered Employment Rates for People Terminated from Training Modes Under Titles IIB and VII a/



a/ Entering-employment percentages were calculated separately for each mode and cannot be combined.

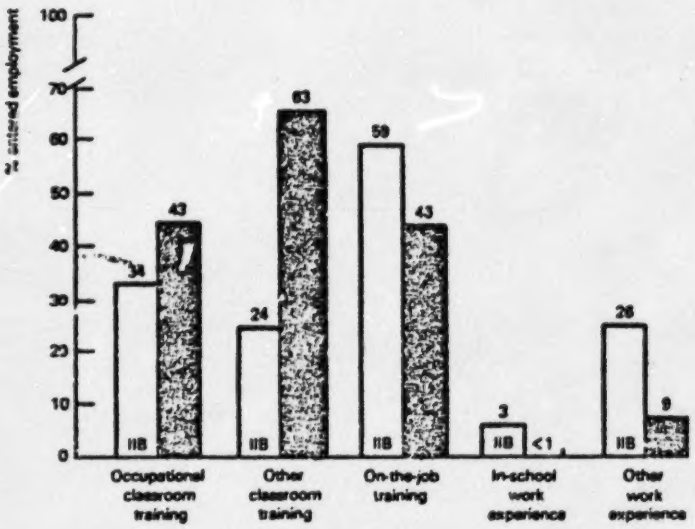
To calculate the overall EER (including private and public sector employment for each training mode) for our sample, we used DOL aggregated data for terminations. We found that, for example, 37 percent of the participants who terminated from title IIB occupational training in a classroom entered employment; the figure for title VII was 41 percent.

On-the-job training has the highest EER of the five modes, and its participants in IIB exhibit an even higher rate than those in VII. The rates differ little between the next highest categories (occupational and "other" or basic-education classroom training) for both titles. Work experience does reveal differences, however. For both types of classroom training and IIB "other work experience," the rates are similar, but "other work experience" under IIB has an EER more than three times larger than under VII. "In-school work experience" has the lowest rates of all: less than 1 percent entered employment after participating in title VII. Since the goal of such experience is not necessarily immediate employment, the rates are not surprising. The low rate for VII may be further explained by the small percentage of enrollees in that mode.

WHAT WERE THE EER'S FOR PRIVATE SECTOR JOBS?

Figure 15

Private Sector Entered Employment Rates for People Terminated from Training Modes Under Titles IIB and VII a/



a/ Entering-employment percentages were calculated separately for each mode and cannot be combined.

Figure 15 presents the EER's we calculated for private sector jobs for the five training modes for our 10-site sample. When they are compared to the overall job placement rates in figure 14, we see that the trends do not differ. "Other classroom training," or basic education, shows a pronounced difference between the titles. This mode has the highest private sector entered employment rate of all the training modes for title IIB, and on-the-job training is a close second. For title VII, on-the-job training has the highest rate, with occupational classroom training a close second. 1/

1/These data reflect only immediate employment, which may or may not be related to long-term outcomes (as we mentioned in chapter 1). It was beyond the scope of this study to determine whether the jobs that these CETA participants found were related to their training.

Training mode summary

Even though figures 14 and 15 reveal that IIB's training mode employment rates may be as high as or higher than VII's, it is important to recall figure 13 to explore why VII's overall aggregated entered employment rate is higher than IIB's. Title VII placed nearly twice as many of its participants in on-the-job and occupational classroom training (88 percent) as IIB placed (45 percent) in those categories. Also, IIB placed 31 percent in work experience whereas VII placed only 2 percent there. It seems probable that the overall aggregated rates are weighted by training enrollment patterns. They may be the result, too, of differences in the participants' characteristics--perhaps youths and other people who had not had many jobs participated in work experience, and perhaps less-disadvantaged people participated in classroom and on-the-job training.

PARTICIPANT CHARACTERISTICS

In the previous section, we have shown that the EER appears to be closely associated with the mode of training, but it may be premature to conclude from these data that the EER's are attributable solely to training. We need to look beyond the training modes to the participants, posing the question, Did the training modes depend on the participants' abilities so that the outcomes resulted not from differences in training but, rather, from differences among program participants?

To address this question, we examined aspects of the participant segment of our evaluation model. We thought it possible that, for example, the less disadvantaged might have been placed in the more successful skill-oriented modes (on-the-job or occupational classroom training) rather than in basic education (other classroom training) or in-school work experience, even though both titles theoretically drew from the same group of disadvantaged applicants. If they did draw from the same group, we would expect to find no difference in the characteristics of the people who participated in the two titles. In the illustrations that follow, we present the results of our search for patterns of similarities and differences in the participants' characteristics.

DID THE CHARACTERISTICS OF THE PARTICIPANTS DIFFER BY TITLE?

Exhibit 5

Comparative Patterns of Participant Characteristics for Titles IIB and VII

Compared to title VII, title IIB has the greater percentage of participants who	Compared to title IIB, title VII has the greater percentage of participants who
Are 21 years old or younger,	Are between 22 and 44 years old,
Are high school dropouts or are high school students,	Are high school graduates or have schooling beyond high school,
Receive Aid to Families with Dependent Children or receive other public assistance,	Receive Unemployment Insurance,
Are family members other than parents.	Are veterans, including veterans of Vietnam.

The data from which we derived the summaries shown in exhibit 5 are DOL aggregated data on participant characteristics for our 10-site sample. We analyzed them by comparing the percentage of participants in each category for title IIB with that for title VII at each site. Characteristics that show a strong pattern came to light. 1/ In the left column of the exhibit, we list characteristics for which title IIB consistently had the higher percentages of participants, and in the right column we list characteristics for which title VII consistently had the higher percentages.

Exhibit 5 shows that title VII generally served a clientele more advantaged in terms of age and education (factors historically linked to employability). This could be partially responsible for the higher rate of entry into employment for participants in title VII that we documented at figure 12.

1/"Strong pattern" refers to the level of statistical significance at which at least 8 of 10 sites exhibited the same pattern. If the participation percentages for a characteristic did not reveal a pattern in at least 8 sites, we did not consider that characteristic as revealing a significant pattern.

WHAT PARTICIPANT CHARACTERISTICS DID NOT DIFFER?

Exhibit 6

Participant Characteristics Showing No Pattern of Difference Between Titles IIB and VII

Compared to title IIB, title VII shows no consistent pattern of difference in the proportion of participants who
Are male or female,
Are natives to specific ethnic groups,
Are handicapped or specially disabled,
Have been offenders,
Are displaced homemakers,
Are migrant workers,
Have limited ability to speak English,
Are economically disadvantaged,
Receive Supplemental Security Income,
Are underemployed or are unemployed or participate in the Targeted Jobs Tax Credit program,
Are single parents or are parents in a two-parent family or are not dependent.

As we noted at exhibit 5, for some participant characteristics, the 10 sites show no clear pattern of difference. We have listed these characteristics in exhibit 6. The list does not imply that the overall sample averages do not differ. For example, title VII served a higher aggregated percentage of males than title IIB did, but this was not a consistent pattern for all 10 sites.

WHAT WAS THE DISTRIBUTION OF THE PARTICIPANTS WHO WERE IN SCHOOL BY TITLE?

Figure 16

Aggregate Percentage of Title IIB and Title VII Participants in School

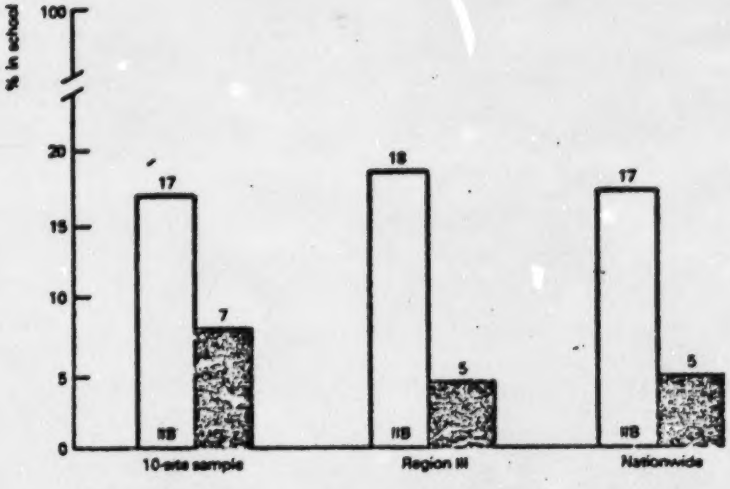


Figure 16 shows participation rates for people taking part in CETA while simultaneously attending school in our 10-site sample, Region III as a whole, and the Nation. Participants attending school and concurrently receiving CETA services are thought to be less likely to become employed when they complete CETA. For example, some may go on to additional schooling before seeking employment.

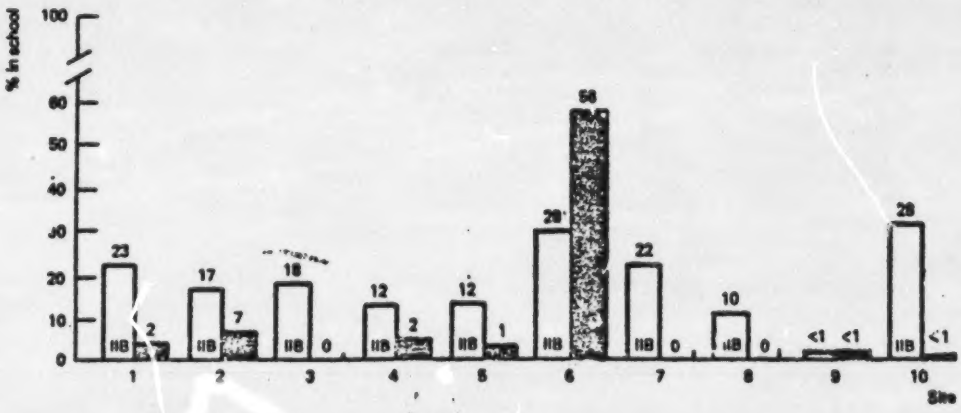
In all cases, title IIB had more than twice the percentage of in-school participants that title VII had. Since title IIB is a much larger program, serving ten times as many participants as title VII, it would not be surprising to find that it served a greater absolute number of in-school participants. What is found, however, is a difference in proportion--an indication that the programs may have differed in their emphasis on "who is served."

We selected the participant characteristic "in-school" for this example, although other characteristics could reasonably be expected to relate to employability. These other characteristics could be analyzed in the same way that we analyzed this one.

WHAT WAS THE DISTRIBUTION OF PARTICIPANTS WHO WERE IN SCHOOL BY SITE?

Figure 17

Percentage of Title IIB and Title VII In-School Participants by Site

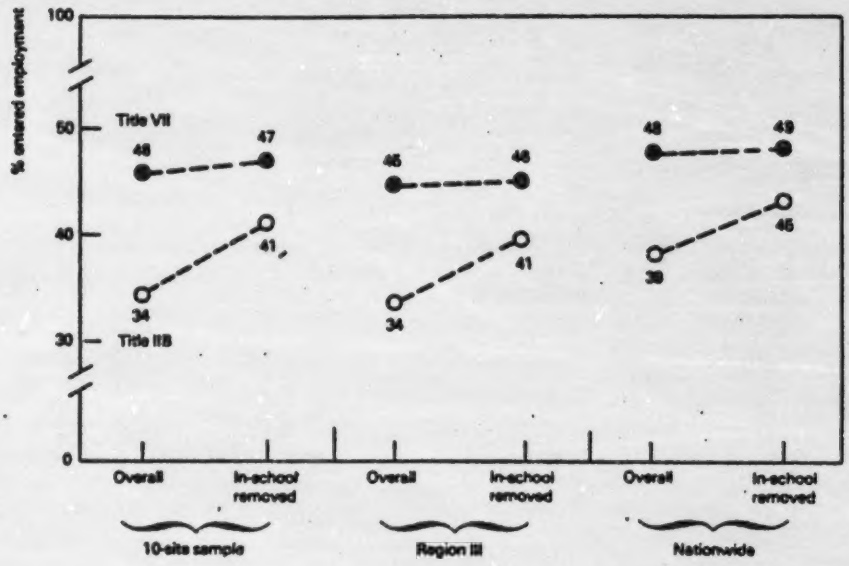


The percentages of participants who were attending school in our 10 sites are shown in figure 17. The trend that is revealed adds further testimony to our understanding of the aggregate percentage for the 10-site sample in figure 16. Even though the trend is consistent for most of the sites, revealing the title IIB program as having served the greater proportion of in-school participants, one PIC did decide to focus its title VII services on in-school youth as part of its policy to reach younger people who were potentially members of the job force.

HOW DOES REMOVING THE IN-SCHOOL POPULATION AFFECT THE EER?

Figure 18

Entered Employment Rates Overall and with In-School Population Removed



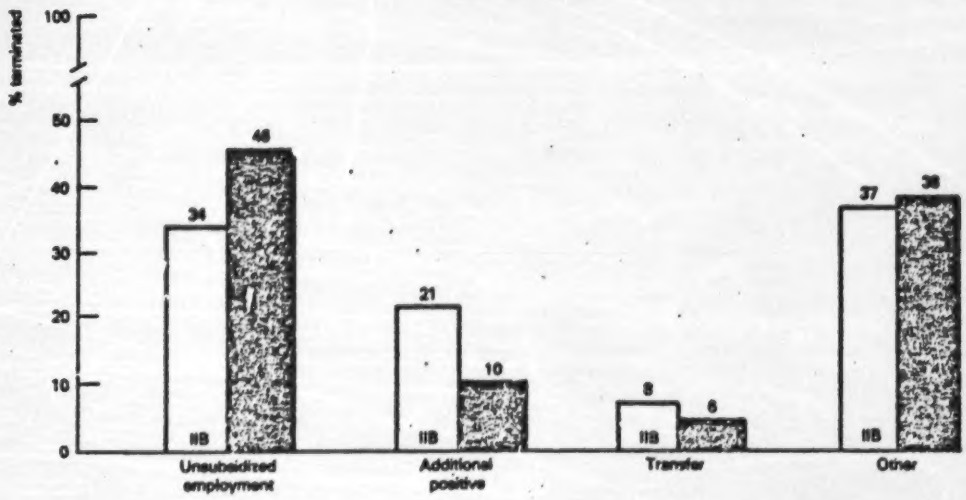
Adjusting the average overall EER for each title by removing the data for in-school participants (the unadjusted rate is given in figure 12) moves the EER for the 10-site sample, DOL's Region III, and the Nation in the same direction, as figure 18 shows. The rate at which people entered employment after participating in title VII changes little after the calculation, but the rate for IIB increases substantially, cutting the gap between VII and IIB in half. This reduces the superiority of title VII's EER from 9-12 percent to no more than 5-6 percent.

Historically, in-school participants have had a lower EER than other participants. Their greater percentage in title IIB appears to have decreased its EER. This finding implies that programs for in-school participants should be evaluated under performance criteria other than the EER and that their outcomes (in terms of EER) should not be averaged in with those of immediate-employment programs (in order not to contaminate the statistics). Section 106 of the Job Training Partnership Act (P. L. No. 97-300) addresses these problems by requiring separate performance measures for adults and youth.

OUTCOMES

DO THE TERMINATION RATE PATTERNS FOR THE TWO TITLES DIFFER FOR THE FOUR MAIN DOL TERMINATION CATEGORIES?

Figure 19
Overall Rates for Four Termination Categories



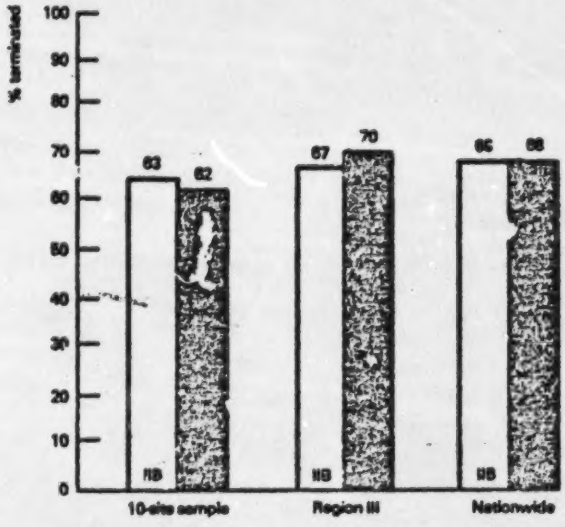
That CETA is expected to help people get and keep jobs does not mean that all its services are oriented toward immediate employment. To find out where people go after participating in CETA, DOL places terminations from services in one of four categories. Some enter unsubsidized employment (jobs not subsidized by CETA). Some, called additional positives, enter or continue with full-time elementary, secondary, post-secondary, or vocational schooling; enter another E&T program not funded by CETA or not administered by the same prime sponsor; or meet program objectives other than unsubsidized employment. Some transfer to another program operated by the same prime sponsor. Others terminate for reasons that may include, but are not restricted to, not finding a job after referral, refusing employment, or reaching an enrollment-duration limit without finding a job.

Titles IIB and VII differ only in that more title VII participants found unsubsidized jobs and that more title IIB participants went on to school, entered another program, or had goals other than unsubsidized employment. This implies that VII (concentrating its less-disadvantaged participants in on-the-job and occupational classroom training) outperformed IIB in placing people in jobs while IIB (distributing its more-disadvantaged participants across all five training modes) outperformed VII in achieving "additional positive" outcomes.

DO TITLES IIB AND VII DIFFER WHEN ALL POSITIVE TERMINATIONS ARE COMBINED?

Figure 20

Positive Termination Rates for Titles IIB and VII Across Our Sample, in Region III, and Nationwide



One way of examining the immediate outcome data is to collapse the three categories that can be considered "positive" terminations--unsubsidized employment, additional positives, and transfers. The result, as shown in figure 20, is that when all positive outcomes are considered together, the superiority of title VII disappears. This is particularly interesting in light of the profile of title VII participants, which shows them as having been less disadvantaged than title IIB participants (see exhibit 5).

CHAPTER 4

THE BALANCE-OF-STATE PROGRAMS

We studied State-level programs in order to examine the operation of titles IIB and VII in rural and geographically dispersed areas other than the 10 sites in our sample. We looked at the group of three Balance-of-State (BOS) programs in Maryland, Pennsylvania, and Virginia and West Virginia's statewide program. We performed the same kinds of analysis on all these programs as we performed on our 10-site sample. That is, we examined the composition of the Private Industry Councils and compared services and participants under the two CETA titles. We also considered the organizational aspects that are unique to State-level prime sponsors. The small group precluded a statistical comparison of the titles, and the much larger size of operations, the geographic dispersion, and the large volume of training contracts in the individual programs prohibited our obtaining much of the data that would have been required for making some of the comparisons we made for the 10-site sample. Our findings are, thus, constrained and can be only roughly contrasted with our findings for the 10-site sample.

MARYLAND

The area covered by the Balance-of-State prime sponsor in Maryland includes 42 percent of the State--the 9 counties of the Eastern Shore and 3 counties in southern Maryland--but only 10 percent of the people. In each of these 12 predominantly rural counties, shown in map 2, the prime sponsor coordinates closely with the State employment agency, using its offices for participant intake and the administration of services. Grants amounted in fiscal year 1981 to $4.6 million under title IIB and $0.7 million under title VII.

Map 2

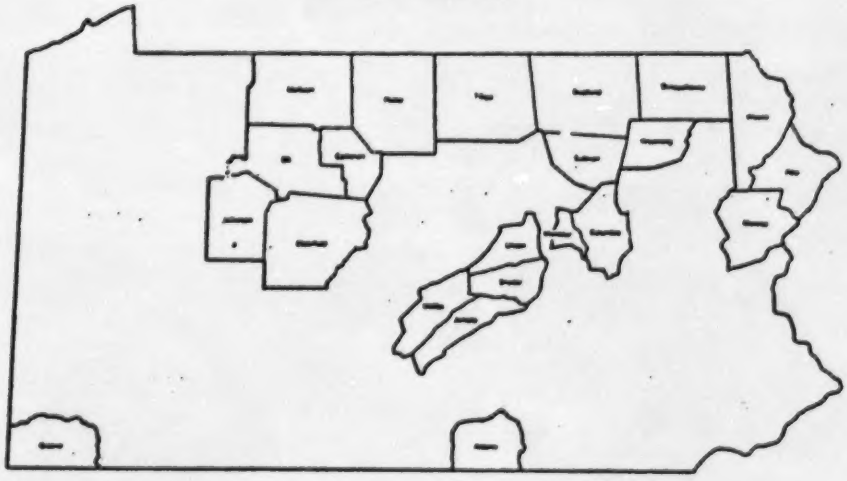
Maryland Counties Covered by State-Run Programs Under CETA Titles IIB and VII

PENNSYLVANIA

As map 3 shows, Pennsylvania's Balance-of-State prime sponsor covers 22 counties that are scattered throughout the State and make up 32 percent of its area. Three fourths of the population of these counties is rural. The counties are administered as six regions. Reading the map clockwise from the north, we see them as follows: the western 6-county region ending with Potter county, which borders on the 5-county region from Tioga to Susquehanna called the "northern tier"; the 3 northeast counties Wayne, Pike, and Monroe; the counties of the "central region" running in a southwesterly direction from Columbia to Mifflin and Juniata; Adams county and Greene county, each constituting a region of its own. Although there are ten field offices for the ten PIC representatives, the prime sponsor uses the facilities of the State employment agency (the Pennsylvania Office of Employment Security) for intake, assessment, counseling, and placement. In fiscal year 1981, grants amounted to $7.1 million under title IIB and $0.6 million under title VII.

Map 3

Pennsylvania Counties Covered by State-Run Programs Under CETA Titles IIB and VII

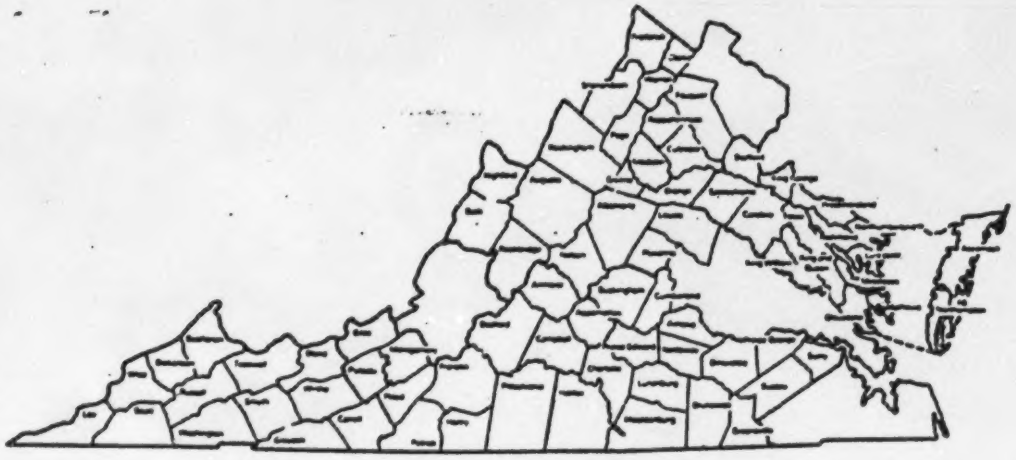


VIRGINIA

Virginia's Balance-of-State prime sponsor covers 82 percent of the State, as map 4 shows, or 76 of the State's counties. In this area reside about 46 percent of the people who are eligible to participate in CETA programs in the State, and the area receives about 51 percent of the CETA funds that are granted to the State by the Federal Government. There is a central office in Richmond with five regional offices around the State, selected for their centrality within existent districts. Intake, assessment, and assignment services are provided under contract with the Virginia Employment Commission, which also lists openings from CETA contractors 30 days in advance, just as job openings are listed. In fiscal year 1981, grants amounted to $19 million under title IIB and $1.3 million under title VII.

Map 4

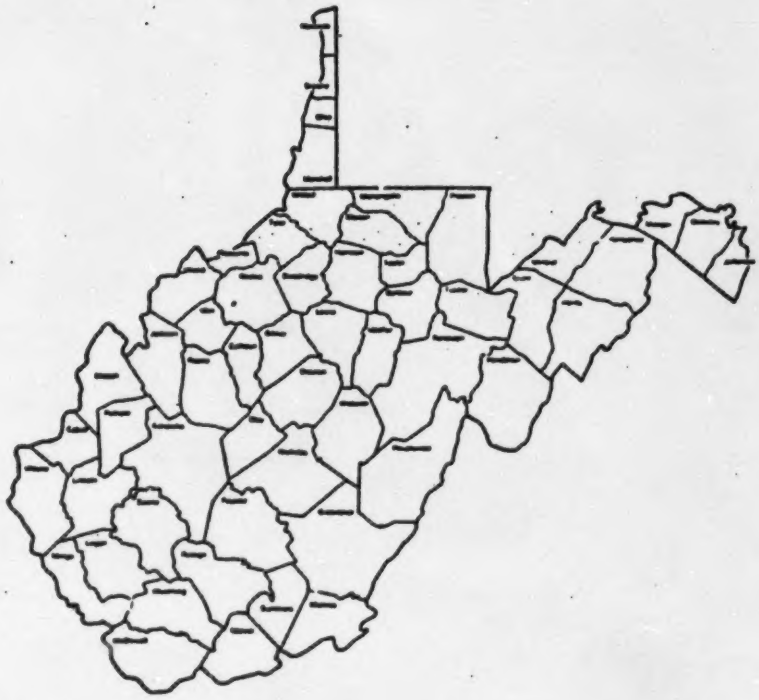
Virginia Counties Covered by State-Run Programs Under CETA Titles IIB and VII



WEST VIRGINIA

West Virginia, shown in map 5, is the exception among these four States in that the program is entirely statewide, although its services are decentralized. West Virginia Employment Service screens applicants for eligibility, provides some placement services, performs job development activities, and administers all title IIB on-the-job training contracts. In addition, the offices of vocational education in the State Department of Education do some screening of title IIB applicants. Private Industry Council staff are drawn from the regular staff of a consulting firm, but business members of the Councils are active in developing on-the-job training contracts, monitoring CETA programs, and doing work in economic development. In fiscal year 1981, grants amounted to $19.5 million under title IIB and $2.2 million under title VII.

Map 5
West Virginia Counties Covered by State-Run Programs Under CETA Titles IIB and VII



BALANCE-OF-STATE SUMMARY

Exhibit 7
Summary of Balance-of-State Group Findings

Private Industry Councils
- Their composition and function: similar to Private Industry Councils in our 10-site sample.

Services and participants
- Comparing those under title IIB and title VII: similar to our 10-site sample.

Organization
- All Private Industry Councils are appointed by the State governor.
- All Private Industry Councils and prime sponsors are tied to State employment services.
- All prime sponsors use regional offices.

In exhibit 7, we summarize the main aspects of our findings for the Balance-of-State group. The unique organizational aspects of the Balance-of-State prime sponsors enable them to function within widely dispersed, typically rural areas while keeping to the State designs that were already in existence.

The four Private Industry Councils ranged in size from 16 to 26 members. On the average, 57 percent were business members and 34 percent of the total membership represented upper management in business, closely paralleling the 10-site sample. Two of the Councils reported meeting once a month, the two others less frequently. All operated through committees, but none ran its own employment and training programs directly.

The 10-site sample and the Balance-of-State group were substantially the same with respect to their services, participants, and outcomes.

Several BOS findings mirror what we found in the 10-site sample: 1/

--Title VII assigned a greater proportion of participants to the historically successful on-the-job training mode than did title IIB (21 versus 12 percent). Title VII assigned a smaller proportion to the work experience modes than did title IIB.

--Title VII had a greater proportion of people 22 to 44 years of age and a smaller proportion of people 21 years of age or younger than title IIB. In terms of educational attainment, title VII had a greater percentage of generally more employable high school graduates (those having more education or training) and a smaller percentage of high school students than title IIB.

When we removed data on participants who were in school, the improvement in the termination data (the entered employment rate) for the BOS group was even more dramatic than for the 10-site sample:

--Title VII's overall EER was higher than IIB's (43 versus 31 percent). Removing the in-school termination data for both titles increased the percentages to 45 for title VII and 43 for title IIB.

1/The percentages are averages for the four State-level programs.

As in the 10-site sample, title VII in the BOS group concentrated participants in the historically successful training modes and thus, not surprisingly, outperformed IIB in placing people in jobs. Title IIB distributed a larger share of participants to the training modes, which are historically less successful in terms of immediate employment after termination. Title IIB outperformed VII in achieving "additional positive" outcomes:

--A greater percentage of title VII than title IIB participants entered unsubsidized employment (40 versus 33 percent). Only 5 percent of title VII's participants were "additional positives," compared with 20 percent of IIB's. Combining all positive termination categories revealed no important difference in outcomes between titles VII and IIB (69 versus 66 percent).

However, not all our BOS findings are consistent with those of the 10-site sample:

--Title VII had a greater share of high school dropouts than IIB, a finding that opposes what we found in the 10 sites, where title VII's participants appear to have been less disadvantaged than IIB's. This pattern holds in all four BOS sites.

--A greater percentage of title VII's participants transferred to other programs under the same prime sponsor than IIB's (25 versus 14 percent). This pattern holds for three of the four BOS sites. However, we expected title IIB to exhibit the higher rate because of the nature of the training it offered--basic education, often followed by skills-training and the like.

CHAPTER 5

COMMENTS FROM INTERVIEW RESPONDENTS

While collecting the data for this report, we asked the respondents at the interviews we conducted to tell us what lessons they had learned about their programs. Their answers were of two kinds: obstacles they had encountered in establishing their programs and their suggestions for improving employment and training programs.

OBSTACLES TO SUCCESS

The 14 Private Industry Councils had opportunity to express concern regarding any obstacle to success that they had encountered in implementing the Private Sector Initiative Program. Most of their concern related to the start-up period rather than to current operations. The obstacles they mentioned included a lack of acceptance of the PSIP concept by people in the business community (at 5 sites) and a resistance among prime sponsors to the concept that resulted in a lack of cooperation in moving the program along (at 4 sites). Other problems they mentioned were difficulties in obtaining contracts (at 3 sites), a lack of paid staff or of funds (at 3 sites), and a geographic spread that was too wide (at 2 sites). They thought that the legislation might be changed in a way that would improve employment and training operations, which we discuss next.

SUGGESTIONS FOR IMPROVEMENTS

Both PIC and prime sponsor representatives at the 14 sites were given the opportunity to respond in structured interviews to open-ended questions about employment and training program operations. We tabulated the most frequently given responses and summarize them here. However, it should be noted that several of the suggestions were made at only a few of the sites. The recommendations originated with the respondents, and we did not have the opportunity to compile them and present them for discussion at all the sites. The suggestions, therefore, do not necessarily represent a consensus.

More prime sponsors (5) than Councils (2) were eager to merge title IIB and title VII administratively. Conversely, it was mentioned by more Councils than prime sponsors that it would be desirable to continue with the role of the PIC's in improving economic development and generating employment (members of 5 Councils made this recommendation, whereas no prime sponsors mentioned it). This PIC role was related more to improving employment opportunities in their areas than to training oversight.

Another suggestion was to allow forward funding in order to make long-range planning possible (mentioned by 3 prime sponsors and 4 Councils). Some people in business found it difficult to operate the PIC commission under the Federal fiscal planning cycle. They said that extended fiscal planning would allow them to plan more as they would in their own businesses--for the long range as well as the short range.

Finally, they recommended that Federal employment and training programs be allowed to provide for flexibility, local options, and direct pass-through of funds (mentioned by one prime sponsor and 3 Councils).

CHAPTER 6

SUMMARY OF FINDINGS

Like all social programs, employment and training programs are inherently "people-intensive"--their success varies, depending on many things like individual skills, interpersonal relationships (such as that between an instructor and a student), and local labor needs. We tried to compensate for some of the local variations by comparing the two titles in each of several randomly selected sites. We chose 10 of the larger and more mature PIC's in DOL's Region III--for PSIP, this meant they had more than 100 participants in fiscal 1981 and at least one year's experience with the title VII program. When we compared how title IIB and title VII operated in such sites, we found that

--the PIC's had a sizable business membership and were not as involved in administering the title VII employment and training programs as they were in marketing CETA to the private sector and assessing business needs for training. When one considers the obstacles they mentioned, marketing and needs assessments may have accounted for part of their success.

--the position of personnel director was the largest business member category of the PIC's. When it is included with the other upper management positions (business owners, presidents, vice presidents, plant managers, and so on), the share of the PIC members who were in upper management increases from roughly a third to half of the total PIC membership.

--large manufacturing firms contributed a greater percentage of members to the average PIC than any of the seven other business categories.

--although none of the sites we visited had a membership rotation policy, membership on the average PIC changed at a 50 percent rate in its two to three years of operation.

--the personal commitment of nearly a fifth of the business members of the PIC's is exemplified by their companies' serving as CETA training subcontractors while they served on the PIC's.

--the greater concentration of title VII participants in on-the-job and occupational classroom training can be viewed as having contributed to the higher rate at which its terminating participants entered employment compared to title IIB, which distributed its services across all training modes. 1/

--title VII served people who were less disadvantaged than title IIB, if the participants' characteristics are defined in terms of age and education, which are believed to affect employability.

1/However, title IIB programs served ten times more people than title VII programs. Even though IIB had a lower percentage of participants in on-the-job training, for example, it had more people actually receiving on-the-job training than VII.

--the improvement in the entered employment rates after in-school participants' termination data are removed implies that participants who were in school (with their low rate of finding immediate employment) exerted a major influence on title IIB's overall performance indicators. Alternative and perhaps more informative systems of measurement for programs serving in-school participants would separate the in-school group from the overall EER or include separate performance criteria for in-school participants or both.

--title VII outperformed title IIB in unsubsidized job placement, but title IIB outperformed title VII in "additional positive" outcomes--a reflection of differences in services and participant characteristics. However, when all positive outcomes are considered as a whole, the performance difference is negligible.

--the membership, organization, and functioning of the Balance-of-State PIC's and the results of comparing BOS title VII and IIB services, participants, and outcomes were, on the whole, similar to those of the 10-site sample. The EER's improved after the removal of the in-school participants' termination data and the improvement for BOS title IIB was even greater than in the 10-site sample.

--the BOS programs were tied into their State employment services and relied on regional offices to cover their geographically dispersed areas.

APPENDIX I

[redacted]

United States Senate

COMMITTEE ON LABOR AND HUMAN RESOURCES
WASHINGTON, D.C. 20510

December 17, 1981

The Honorable Charles A. Bowsher
Comptroller General
General Accounting Office
441 G. Street, N.W.
Room 7536
Washington, D.C. 20548

Dear Mr. Bowsher:

The Subcommittee on Employment and Productivity would find it extremely helpful if your Institute for Program Evaluation could do a study comparing employment and training programs operated under the traditional CETA system and those administered by private industry councils. We would be particularly interested in how these differences relate to the extent of actual business involvement in the private industry council and the nature of the business membership.

My staff has discussed the outlines of such a study with Ms. Terry Hedrick. She believes it would be feasible to give us preliminary, informal results by March of next year. At that time the Subcommittee expects to be marking up revisions in employment training legislation and information on the operation of private industry councils would be extremely valuable in that process.

Sincerely,

Dan Quayle
United States Senator

DQ/mks

AGENCY COMMENTS AND OUR RESPONSE

Our responses to the letter below are printed as "GAO notes" on page 52. immediately following it.

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

07 MAR 1983

Mr. Phillip A. Bernstein
Director
Human Resources Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Bernstein:

This is in reply to your letter to Secretary Donovan requesting comments on the draft GAO report entitled, "Federal Job Training: A Comparison of Public and Private Sector Performance," and will confirm informal comments made to your staff at a February 22 meeting with representatives of the Employment and Training Administration.

Generally, the findings of the report are consistent with other analyses comparing the CETA Title II-B and Title VII programs. The Department has the following comments and observations on specific sections of the report.

a First, in several places (e.g., page 29) reference is made to Title VII serving a less disadvantaged clientele than Title II-B. We believe that it is more accurate to state that both titles serve the economically disadvantaged (as is required by law), but that Title II-B has a larger proportion of youth enrollees.

Second, as is suggested in the report, the entered employment rate is not the best measure of performance of programs serving in-school youth. In drafting performance standards for programs under the Job Training Partnership Act, the Department is taking into account the different outcome emphases of programs for youth and programs for adults, and is using different sets of performance indicators for the two types of programs.

Third, the report states that when only the "entered employment rate" was considered, Title VII performed better than Title II-B. However, when all positive terminations (adding in "additional positive terminations" and "transfers to other programs"), the performance of the two programs was about equal. Two points can be made about this finding. The Private Industry Councils (even "mature" ones) were

b { still a relatively new institution at the time of the survey, and one might expect that their performance would improve over time. Also, we believe that entering unsubsidized

c { employment is the preferred outcome in training programs. On this basis--at least in the sample studied--Title VII would appear to have been the more effective program.

Fourth, reference could be made in the report to the national data that are now available on Title II-B and Title VII for the time period studied. These data tend to corroborate the findings of the report. They were not available in final form at the time the report's findings were made available to Senator Quayle.

The Department appreciates having had the opportunity to comment on this report.

Sincerely,

ALBERT ANGRISANI
Assistant Secretary of Labor

GAO NOTES

a. This suggestion has been incorporated in the final report on page 29.

b. Knowledge about the influence of maturation on the performance of Private Industry Councils is quite limited. We controlled for the maturity of the title VII programs (and, therefore, the Private Industry Councils) by examining only those that had been in existence for at least one full year (the oldest possible PIC at the time of our review would have been 3 years old). The data in this report can be used as a baseline for empirical studies on the effects of maturity on Private Industry Council performance.

c. The selection of performance measures is related inextricably to the choice of program objectives and the targeting of beneficiaries. A preference for one measure over others in all circumstances would represent a judgment beyond the scope of this study. The new Job Training Partnership Act recognizes variations in participants and programs by requiring separate performance standards for youth and adult programs (see p. 33).

We have supplied a model by which the factors underlying performance measures (such as the EER) can be explored and understood, preventing both superficial and premature conclusions regarding programs. An example of such analysis is in chapter 3, in which we compared two programs' training services and participant characteristics--factors that can be expected to affect outcomes (see pp. 22-35).